MARKET CONDUCT EXAMINATION

COLUMBIA UNITED PROVIDERS, INC.

19120 SE 34TH STREET, SUITE 201
VANCOUVER, WA 98683

January 1, 2004 – March 31, 2005

EXHIBIT A

G05-83

Columbia United Providers, Inc.

TABLE OF CONTENTS

The Honorable Mike Kreidler
Washington State Insurance Commissioner
302 14TH Avenue SW
P.O. Box 40258
Olympia, Washington 98504-0258

Dear Commissioner Kreidler:

Pursuant to your instructions and in compliance with the statutory requirements of RCW 48.44.145 and procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner (OIC), an examination of the market conduct affairs has been performed of:

Columbia United Providers, Inc., NAIC #47047
19120 SE 34th Street, Suite 201
Vancouver, Washington 98683

In this report, Columbia United Providers is referred to as CUP or as the Company.

This report of examination is respectfully submitted.

CHIEF EXAMINER'S REPORT CERTIFICATION and ACKNOWLEDGEMENTS

This examination was conducted in accordance with Office of Insurance Commissioner and National Association of Insurance Commissioners market conduct examination procedures. Nancy L. Campbell, AIE, ACS; Sandy Ray, CPCU; and Jeanette Plitt, CLU of the Washington State Office of Insurance Commissioner performed this examination and participated in the preparation of this report.

The examiners wish to express appreciation for the courtesy and cooperation extended by the personnel of Columbia United Providers, Inc. during the course of this market conduct examination.

I certify that this document is the report of the examination, that I have reviewed this report in conjunction with pertinent examination work papers, that this report meets the provisions for such reports prescribed by the Office of Insurance Commissioner and that this report is true and correct to the best of my knowledge and belief.

Leslie A. Krier, AIE, FLMI
Chief Market Conduct Examiner
Office of the Insurance Commissioner
State of Washington

FOREWORD

This examination was completed by applying tests to each examination standard. Each test applied during the examination is stated in this report and the results are reported. Exceptions are noted as part of the comments for the applied test. Throughout the report, where cited, RCW refers to the Revised Code of Washington, and WAC refers to Washington Administrative Code.

Scope

Time Frame

The examination covered the Company's operations from January 1, 2004 through March 31, 2005. This was the second market conduct examination of Columbia United Providers, Inc. An examination was completed in May 1996 of Clark United Providers, Inc. The Company was known as Clark United Providers, Inc. prior to January 1, 2001. This examination was performed in the Seattle OIC office and in the Company's office in Vancouver, Washington.

Matters Examined

The examination included a review of the following areas:

Administrative Contracts	Claims
Provider Activity	Rate and Form Filing
Underwriting	

Sampling Standards

Methodology

In general, the sample for each test utilized in this examination falls within the following guidelines:

92 %	Confidence Level
+/- 5 %	Mathematical Tolerance.

Regulatory Standards

Market conduct samples are tested for compliance with standards established by the OIC. The tests applied to sampled data will result in an error ratio, which determines whether or not a standard is met. If the error ratio found in the sample is, generally, less than 5%, the standard will be considered as met. The standards in the area of agent licensing and appointment, and policy and form filings will not be met if any violation is identified. This will also apply when all records are examined, in lieu of a sample.

For those standards, which look for the existence of written procedures, or a process to be in place, the standard will be met based on the examiner's analysis of those procedures or processes. The analysis will include a determination of whether or not the company follows established procedures.

Standards will be reported as Passed (without Comment), Passed with Comment or Failed. The definition of each category follows:

Passed	There were no findings for the standard.
Passed with Comment	Errors in the records reviewed fell within the tolerance level for that standard.
Failed	Errors in the records reviewed fell outside of the tolerance level established for the standard.

COMPANY OPERATIONS AND MANAGEMENT

Company History

Columbia United Providers, Inc. (CUP), formerly known as Clark United Providers, Inc., was incorporated on July 23, 1993 as a nonprofit cooperative association. CUP is registered as a health care service contractor pursuant to Chapter 48.44, Revised Code of Washington. The Company began operations on October 1, 1993. On February 25, 1997, the OIC approved CUP's conversion to a for-profit corporation. The Company formally changed its name to Columbia United Providers, Inc., on January 1, 2001.

Columbia United Providers was established by Clark County Physicians and Southwest Washington Medical Center (SWMC) as a physician hospital organization. SWMC owns 89.5% of the CUP common stock currently outstanding. The remaining common shares are owned by various physician practitioners in the Vancouver, Washington area.

CUP contracts directly, either on a fee-for-service or capitated basis, with various providers within its service area for the provision of medical and hospital services, pharmaceuticals, and other related services. CUP has been providing managed care services for Washington State's Healthy Options and Basic Health programs since February 1995, and the State Children's Health Insurance Program (SCHIP) since January 2001.

Company Management & Operations

The Company is managed by a Board of Directors. Each director serves a one-year term from the date of election and until his or her successor has been duly elected and qualified. Directors may serve consecutive terms. Elections are held in May of each year. The current members of the board are:

Board Member	Company/Community Affiliation	Year Elected
Lisa Morrison, MD Chair	Vancouver Clinic	1999
Steven J. Oliva Vice Chair	Hi-School Pharmacy	1996
Harold Dengerink, PhD Secretary	Washington State University	1996
Eugene Johnson, Vice President/CEO Treasurer	Southwest Washington Medical Center	1996
David Ruiz, MD, Director Family Residency Chair, Quality Committee	Southwest Washington Medical Center	1997

Board Member	Company/Community Affiliation	Year Elected
George Dechet, MD Vice-Chair, Quality Committee	Urology Clinic	1999
Jon A. Shroyer	Retired, Sharp Electronics	1997
Charlie Bishop	First Pacific Associates	1999
Joe Kortum, President/CEO	Southwest Washington Medical Center	2003
Tim Randall, MD	PeaceHealth	2003
Thomas VanSweringen, Executive Director	Vancouver Clinic	1999
Colleen Fox, MD	Women's Clinic	2003

Territory of Operations

The Company operates in the following counties: Clark, Skamania, and western Klickitat. The examiners did not note any evidence of CUP operating outside its stated territory.

Findings

The following Company Operations & Management Standards passed without comment:

	Company Operations & Management Standard	Reference
1	**The company is required to be registered with the OIC prior to acting as a health care service contractor in the State of Washington.**	**RCW 48.44.015(1)**
3	**When the company registers with the OIC, it is required to state its area of operations.**	**RCW 48.44.040**

The following Company Operations & Management Standard passed with comment:

	Company Operations & Management Standard	Reference
2	**The company is required to report to the OIC any changes to the registration documents, including Articles of Incorporation, Bylaws, and Amendments at the same time as submitting such documents to the Secretary of State.**	**RCW 48.44.013**

Company Operations & Management Standard #2:
The market conduct examiners did not review CUP's registration documents. These documents were reviewed as part of the OIC's financial examination for the period January 1, 1998 to December 31, 2002. The financial examiners found CUP complies with this standard and there were no issues noted.

GENERAL EXAMINATION FINDINGS

The Company's records and operations were reviewed to determine if the Company does business in accordance with the requirements of this state.

Findings

The following General Examination Standards passed without comment:

	General Examination Standard	Reference
1	**The company does business in good faith, and practices honesty and equity in all transactions.**	**RCW 48.01.030**
2	**The company must facilitate the examination process by providing its accounts, records, documents and files to the examiners upon request.**	**RCW 48.44.145(2)**
3	**The company may not discourage members from contacting the OIC and may not discriminate against those members that do contact the OIC.**	**WAC 284-30-572(2)**

CLAIMS

Claims Processing Manual

CUP provided the examiners with its claims procedures that were in use during the examination period. The examiners found the procedures to adequately and accurately describe processes for specific claim types.

Claims Processing

Approximately 97% of the claims that CUP receives are electronic. Providers send their claims to a clearing house that populates fields within the Company's claim system. If paper claims are received, the Company scans the claim. The scanned claims are batched, and data entry personnel manually enter the data from the scanned claims into the claims processing system. The manually entered claims are placed into a queue and transferred to one (1) of five (5) claims analysts. The claims analyst validates that the information entered into the system is correct, and once confirmed, releases the claims for payment.

Claims Review

The Company processed 228,843 claims during the examination period. Analysis of the database indicates approximately 50.4% of the claims received are immediately approved for payment or they are coded as capitated claims.

The examiners selected a random sample of 100 claims for review.

Findings

Standard #4 was not tested in this examination. Services performed by a dentist are not covered by the Healthy Options contract. Therefore, services performed by a denturist are not covered. However, medical conditions treated by a physician or surgeon and related to oral conditions, such as infections, TMJ, cleft-palate, post-accident surgeries and injuries to natural teeth are covered by Healthy Options.

Standard #12 was not tested in this examination. Healthy Options is administered via the Medical Assistance Administration (MAA) contract through the Washington State Department of Social and Health Services (DSHS). The MAA contract states that nursing facility and community based services are covered through the Aging and Disability Services Administration. Therefore, a current resident of a long term care facility would not be covered by CUP prior to hospitalization.

Standard #16 was not tested in this examination. Healthy Options is only responsible for providing coverage for outpatient mental health services. Inpatient treatment is the responsibility of the MAA or other divisions through DSHS.

Standards #18, #19, and #20 were not tested as they are only applicable to group health plans.

The following Claims Standards passed without comment:

#	Claims Standard	Reference
1	**The company shall provide no less than urgent and emergent care to a child who does not reside in the company's service area.**	**RCW 48.01.235(3)**
2	**The company shall not retrospectively deny emergency or nonemergency care that had prior authorization.**	**RCW 48.43.525(1)**
3	**The company shall not retrospectively deny an individual prescription drug claim that had prior authorization.**	**RCW 48.44.465**
6	**The denial of any claim must be communicated to the provider or facility with the specific reason the claim was denied.**	**WAC 284-43-321(4)**
7	**The company maintains a documented utilization review program with descriptions and conducts utilization review within the prescribed format defined.**	**RCW 48.43.520, WAC 284-43-410**
9	**All plans must provide female enrollees direct access to women's health care services.**	**RCW 48.42.100, WAC 284-43-250**
10	**All plans shall cover emergency services necessary to screen and stabilize a covered person.**	**RCW 48.43.093**
11	**Decisions concerning maternity care and services are to be made between the mother and the provider.**	**RCW 48.43.115**

#	Claims Standard	Reference
13	**All plans must include coverage for diabetes.**	**RCW 48.44.315**
14	**All plans must include coverage for mammograms.**	**RCW 48.44.325, WAC 284-44-046**
15	**All plans must include coverage for reconstructive breast surgery.**	**RCW 48.44.330**
17	**All plans must provide coverage for the formula necessary for the treatment of phenylketonuria (PKU).**	**RCW 48.44.440, WAC 284-44-450**
21	**All individual health benefit plans offered or renewed after October 1, 2000 shall include maternity and prescription drug benefits.**	**RCW 48.43.041**
22	**All plans must include every category of provider.**	**RCW 48.43.045, WAC 284-43-205**

The following Claims Standard passed with comment:

#	Claims Standard	Reference
8	**The company administers coordination of benefits provisions as required.**	**Chapter 284-51 WAC**

Claims Standard #8:

WAC 284-51-100 states that an insurer may not unreasonably delay payment of a claim by reason of the application of the coordination of benefits provision. The MAA contract states "... the services and benefits available under this agreement shall be secondary to any other medical coverage." When a claim that may be subject to COB is received, CUP estimates its liability at zero. Traditionally, CUP's liability would be at or near zero since its reimbursement levels are low and other insurance would cover all, if not most, of a claim. However, there are no system edits in place to flag claims subject to COB, nor does CUP actively research or followup on primary carrier information and payments. The claims reviewed that were subject to COB were processed correctly, but there could be instances where there is no other coverage and CUP is primary, or there could be instances where CUP's liability is greater than zero and payment is due to a carrier. Failure to flag claims subject to COB and research primary carrier responsibility and payment could be cause for delay in claim payment based on CUP's assumptions that it has no liability

The following Claims Standard failed:

#	Claims Standard	Reference
5	**The Company pays or denies all claims according to the prescribed minimum standards.**	**WAC 284-43-321(2)**

Claims Standard #5:

The Company failed to pay 95% of its clean claims within 30 days in four (4) of the 15 months examined as required by WAC 284-43-321(2)(a)(i):

- January 2004: 83.8%

- March 2004: 94.6%
- February 2005: 82.2%
- March 2005: 67.6%

CUP began processing claims for a large medical group in 2004. A management decision was made to pend all claims and review each one for correctness due to the challenges placed on its current processing system with the additional number of claims that were being processed. A consultant was hired by the Company to make efficiency changes to the claims processing system. In January 2005, the recommended system changes were implemented. To assure that the changes were in place and implemented properly, management again made the decision to audit 100% of all claims to assure accuracy. CUP attributes the failure to meet the standard to system changes and the decision to audit all claims processed.

Subsequent Event: CUP is now conducting 20% random auditing rather than 100% auditing. CUP provided reports to the examiners to show that it has met the clean claims standard since April 2005.

RATE AND FORM FILING

Rate and Form Filing Review

The Company rate and form filing log contained 13 forms that were filed during the examination period. All of the forms were approved by the OIC.

Rate and Form Filing Standard #2 was not tested in this examination. Since the Company only writes government-sponsored plans, its rates are provided by the government programs and cannot be changed by the Company.

Findings

The following Rate and Form Filing Standards passed without comment:

#	Rate and Form Filing Standards	Reference
1	**All contract forms have been filed with and approved by the Office of Insurance Commissioner prior to use.**	**RCW 48.44.040, WAC 284-43-920**
3	**All contract forms and rates have been filed with the Office of Insurance Commissioner on transmittal forms prescribed by the Commissioner.**	**WAC 284-43-925**

UNDERWRITING

Because of the nature of the Company's business, the examiners did not review samples of underwriting files. Rather, the examiners reviewed the Company's policies and procedures regarding eligibility and enrollment. The policies and procedures are comprehensive and

demonstrate the Company's intent to follow statutes and regulations during the underwriting process.

The following Underwriting Standards passed without comment:

#	Underwriting Standards	Reference
1	**The company complies with the prescribed requirements for enrollment and coverage of a child under the health plan of the child's parent.**	**RCW 48.01.235, RCW 48.44.212**
2	**The company appropriately reduces preexisting condition exclusions, limitations, or waiting period in its large group, small group and individual plans by applying time covered by the preceding health plan coverage.**	**RCW 48.43.015, WAC 284-43-710**
3	**The company may not reject an individual for health plan coverage in a large or small group based upon preexisting conditions of the individual. The company may not deny, exclude, or limit coverage for an individual's preexisting health conditions. The company shall accept any state resident within the group and within the Company's service area.**	**RCW 48.43.025, RCW 48.43.035(1), WAC 284-43-720**
4	**Eligibility to purchase a health benefit plan must be extended to all small employers and small groups as defined in RCW 48.43.005(24).**	**RCW 48.43.028**
5	**Dependent children cannot be terminated from an individual or group plan because of developmental disability or physical handicap.**	**RCW 48.44.200, RCW 48.44.210**
6	**All plans shall cover newborn infants and congenital anomalies from the moment of birth.**	**RCW 48.44.212(1)**
7	**No plan may deny coverage solely on account of race, religion, national origin, or the presence of any sensory, mental, or physical handicap.**	**RCW 48.44.220**
8	**The company may not refuse, cancel, or decline coverage solely because of a mastectomy or lumpectomy more than five (5) years prior.**	**RCW 48.44.335**
9	**Adoptive children shall be covered on the same basis as other dependents.**	**RCW 48.44.420**
10	**An individual is not required to complete the standard health questionnaire if stated criteria are met. *Individual Coverage Only***	**RCW 48.43.018(1)**
11	**The company shall provide written notice of its decision not to accept an individual's application for enrollment to both the applicant and WSHIP within 15 business days of receipt of a completed application. *Individual Coverage Only***	**RCW 48.43.018(2)(b)**

#	Underwriting Standards	Reference
12	**All cancellations, denials, or non-renewals of an individual plan must be in writing and include the reason for such action.** ***Individual Coverage Only***	**RCW 48.44.260**
13	**A rider will be cancelled upon application by the enrollee if, at least five (5) years after its issuance, no health care services have been received by the enrollee for the condition specified in the rider.** ***Individual Coverage Only***	**RCW 48.44.430**
14	**Dependents shall have the right to continue coverage in the event of loss of eligibility by the principal enrollee.**	**RCW 48.44.400**
15	**All plans shall offer optional coverage for the treatment of temporomandibular joint disorders (TMJ) and maintain proof of offer as required.**	**RCW 48.44.460, WAC 284-44-042**
16	**An individual may return an individual health care contract for a full refund within ten (10) days of its delivery if not satisfied with the contract for any reason.**	**RCW 48.44.230**

PROVIDER ACTIVITY

Provider Manuals

CUP provided access to its provider manual through its website. The manual was comprehensive, complete, and accurately describes the Company's policies and procedures for contracted providers.

Provider Directories

The examiners accessed the Company's provider directories through its website. There were a total of 119 providers in the following categories:

- Primary Care Providers
- Specialists
- Women's Health Care Providers
- Hospitals and Urgent Care Facilities
- Eye Care Providers
- Pharmacies

The Company also provides information on its website detailing outpatient mental health services.

Provider Activity Review

CUP used four (4) provider contracts during the examination period.

- Primary Care Base Contract

- Specialist Base Contract
- Hospital Base Contract
- Vancouver Clinic Base Contract

The examiners reviewed 16 provider contract files. All four categories of contracts were equally represented in the sample.

Findings

The following Provider Activity Standards passed without comment:

#	Provider Activity Standards	Reference
1	**All provider contract forms must be filed with and approved by the OIC prior to use.**	**RCW 48.44.070, WAC 284-43-330**
2	**All provider contract forms must contain and adhere to the prescribed standards.**	**WAC 284-43-320 through WAC 284-43-340**
3	**All plans must allow enrollees to select a primary care provider who is accepting new patients from a list of participating providers.**	**RCW 48.43.515, WAC 284-43-251**
4	**Company standards for selection of participating providers and facilities do not result in risk avoidance or discrimination by excluding providers or facilities specializing in specific treatments or located high risk geographic areas.**	**WAC 284-43-310(1)(a) and (b)**

ADMINISTRATIVE CONTRACTS

CUP contracted with 10 entities during the examination period. The services provided through these contracts include pharmacy benefit management, behavioral health utilization review and referral, 24-hour nurse advice, credentialing, obstetrical risk screening and case management, transplant case coordination, and disease management. Three (3) of these contracts were reviewed. The contracts were found to be in order and no issues or concerns were noted.

INSTRUCTIONS AND RECOMMENDATIONS

#	Instruction	Page #
1	The Company is instructed to pay 95% of its clean claims within 30 days. Reference: WAC 284-43-321(2)(a)(i). Claims Standard #5.	11

#	Recommendation	Page #
1	It is recommended that the Company conduct research on any claims subject to COB so that primary carrier payments are accurately recorded and the Company's secondary claims liability is processed correctly. Reference: Chapter 284-51 WAC. Claims Standard #8.	11

SUMMARY OF STANDARDS

Company Operations and Management:

#	STANDARD	PAGE	PASS	FAIL
1	The company is required to be registered with the OIC prior to acting as a health care service contractor in the State of Washington. Reference: RCW 48.44.015(1).	8	X	
2	The company is required to report to the OIC any changes to the registration documents, including Articles of Incorporation, Bylaws, and Amendments at the same time as submitting such documents to the Secretary of State. Reference: RCW 48.44.013.	8	X	
3	When the company registers with the OIC, it is required to state its area of operations. Reference: RCW 48.44.040.	8	X	

General Examination Findings:

#	STANDARD	PAGE	PASS	FAIL
1	The company does business in good faith, and practices honesty and equity in all transactions. Reference: RCW 48.01.030.	9	X	
2	The company must facilitate the examination process by providing its accounts, records, documents and files to the examiners upon request. Reference: RCW 48.44.145(2).	9	X	
3	The company may not discourage members from contacting the OIC and may not discriminate against those members that do contact the OIC. Reference: WAC 284-30-572(2).	9	X	

Claims:

#	STANDARD	PAGE	PASS	FAIL
1	The company shall provide no less than urgent and emergent care to a child who does not reside in the company's service area. Reference: RCW 48.01.235(3).	10	X	
2	The company shall not retrospectively deny emergency or nonemergency care that had prior authorization. Reference: RCW 48.43.525(1).	10	X	
3	The company shall not retrospectively deny an individual prescription drug claim that had prior authorization. Reference: RCW 48.44.465.	10	X	
4	The company shall not deny benefits for any service performed by a denturist if the service performed was within the lawful scope of such person's license, and the agreement would have provided benefits if services were performed by a dentist. Reference: RCW 48.43.180, RCW 48.44.500.	10	N/A	

#	STANDARD	PAGE	PASS	FAIL
5	The company pays or denies all claims according to the prescribed minimum standards. Reference: WAC 284-43-321(2).	11		X
6	The denial of any claim must be communicated to the provider or facility with the specific reason the claim was denied. Reference: WAC 284-43-321(4).	10	X	
7	The company maintains a documented utilization review program with descriptions and conducts utilization review within the prescribed format defined. Reference: RCW 48.43.520, WAC 284-43-410.	10	X	
8	The company administers coordination of benefits provisions as required. Reference: Chapter 284-51 WAC.	11	X	
9	All plans must provide female enrollees direct access to women's health care services. Reference: RCW 48.42.100, WAC 284-43-250.	10	X	
10	All plans shall cover emergency services necessary to screen and stabilize a covered person. Reference: RCW 48.43.093.	10	X	
11	Decisions concerning maternity care and services are to be made between the mother and the provider. Reference: RCW 48.43.115.	10	X	
12	An enrollee may receive benefits at a long term care facility if he/she was a resident prior to hospitalization. Reference: RCW 48.43.125.	10	N/A	
13	All plans must include coverage for diabetes. Reference: RCW 48.44.315.	11	X	
14	All plans must include coverage for mammograms. Reference: RCW 48.44.325, WAC 284-44-046.	11	X	
15	All plans must include coverage for reconstructive breast surgery. Reference: RCW 48.44.330.	11	X	
16	All plans shall waive preauthorization for mental health treatment if member is involuntarily committed to a state mental hospital. Reference: RCW 48.44.342	10	N/A	
17	All plans must provide coverage for the formula necessary for the treatment phenylketonuria (PKU). Reference: RCW 48.44.440, WAC 284-44-450.	11	X	
18	All group plans shall provide benefits for the treatment of chemical dependency. All contract benefits for the treatment of chemical dependency must comply with the specified standards. Reference: RCW 48.44.420, Chapter 284-53 WAC.	10	N/A	
19	All group plans must provide benefits for prenatal diagnosis of congenital disorders. Reference: RCW 48.44.344.	10	N/A	

#	STANDARD	PAGE	PASS	FAIL
20	All group plans must provide coverage for neurodevelopmental therapies for individuals age 6 and under. Reference: RCW 48.44.450.	10	N/A	
21	All individual health benefit plans offered or renewed after October 1, 2000 shall include maternity and prescription drug benefits. *Individual Coverage Only.* Reference: RCW 48.43.041.	11	X	
22	All plans must include every category of provider. Reference: RCW 48.43.045, WAC 284-43-205.	11	X	

Rate and Form Filing:

#	STANDARD	PAGE	PASS	FAIL
1	All contract forms have been filed with and approved by the Office of Insurance Commissioner prior to use. Reference: RCW 48.44.040, WAC 284-43-920.	12	X	
2	All rates have been filed with the Office of Insurance Commissioner prior to use. Reference: RCW 48.44.040, WAC 284-43-920.	12	N/A	
3	All contract form and rates have been filed with the Office of Insurance Commissioner on transmittal forms prescribed by the Commissioner. Reference: WAC 284-43-925.	12	X	

Underwriting:

#	STANDARD	PAGE	PASS	FAIL
1	The company complies with the prescribed requirements for enrollment and coverage of a child under the health plan of the child's parent. Reference: RCW 48.01.235, RCW 48.44.212.	13	X	
2	The company appropriately reduces preexisting condition exclusions, limitations, or waiting periods in its large group, small group and individual plans by applying time covered by the preceding health plan coverage. Reference: RCW 48.43.015, WAC 284-43-710.	13	X	
3	The company may not reject an individual for health plan coverage in a large or small group based upon preexisting conditions of the individual. The company may not deny, exclude, or limit coverage for an individual's preexisting health conditions. The company shall accept any state resident within the group and within the company's service area. Reference: RCW 48.43.025, RCW 48.43.035(1), WAC 284-43-720.	13	X	
4	Eligibility to purchase a health benefit plan must be extended to all small employers and small groups as defined in RCW 48.43.005(24). Reference: RCW 48.43.028.	13	X	

#	STANDARD	PAGE	PASS	FAIL
5	Dependent children cannot be terminated from an individual or group plan because of developmental disability or physical handicap. Reference: RCW 48.44.200, RCW 48.44.210.	13	X	
6	All plans shall cover newborn infants and congenital anomalies from the moment of birth. Reference: RCW 48.44.212(1).	13	X	
7	No plan may deny coverage solely on account of race, religion, national origin, or the presence of any sensory, mental, or physical handicap. Reference: RCW 48.44.220.	13	X	
8	The company may not refuse, cancel, or decline coverage solely because of a mastectomy or lumpectomy more than five (5) years prior. Reference: RCW 48.44.335.	13	X	
9	Adoptive children shall be covered on the same basis as other dependents. Reference: RCW 48.44.420.	13	X	
10	An individual is not required to complete the standard health questionnaire if the stated criteria are met. Reference: RCW 48.43.018(1).	13	X	
11	The company shall provide written notice of its decision not to accept an individual's application for enrollment to both the applicant and WSHIP within 15 business days of receipt of a completed application. *Individual Coverage only.* Reference: RCW 48.43.018(2)(b).	14	X	
12	All cancellations, denials, or non-renewals of an individual plan must be in writing and include the reason for such action. Reference: RCW 48.44.260.	14	X	
13	A rider will be cancelled upon application by the enrollee if, at least five (5) years after its issuance, no health care services have been received by the enrollee for the condition specified in the rider. *Individual Coverage only.* Reference: RCW 48.44.430.	14	X	
14	Dependents shall have the right to continue coverage in the event of loss of eligibility by the principal enrollee. Reference: RW 48.44.400.	14	X	
15	All plans shall offer optional coverage for the treatment of temporomandibular joint disorders (TMJ) and maintain proof of offer as required. Reference: RCW 48.44.460, WAC 284-44-042.	14	X	
16	An individual may return an individual health care contract for a full refund within 10 days of its delivery if not satisfied with the contract for any reason. *Individual Coverage Only.* Reference: RCW 48.44.230.	14	X	

Provider Activity:

#	STANDARD	PAGE	PASS	FAIL
1	All provider contract forms must be filed with and approved by the OIC prior to use. Reference: RCW 48.44.070, WAC 284-43-330.	15	X	
2	All provider contract forms must contain and adhere to the prescribed standards. Reference: WAC 284-43-320 through WAC 284-43-340.	15	X	
3	All plans must allow enrollees to select a primary care provider who is accepting new patients from a list of participating providers. Reference: RCW 48.43.515, WAC 284-43-251.	15	X	
4	Company standards for selection of participating providers and facilities do not result in risk avoidance or discrimination by excluding providers or facilities specializing in specific treatments or located in high risk geographic areas. Reference: WAC 284-43-310(1)(a) and (b).	15	X	

October 7, 2005

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
PO Box 40255
Olympia, WA 98504-0255

Dear Mr. Odiorne,

Thank you for providing CUP with the draft report of our OIC examination and an opportunity to submit comments before the report becomes a public document.

We have reviewed the draft report and do not disagree with any of the findings. We have already addressed and corrected the two main issues that were identified in the examination.

Thank you again for this opportunity to comment, and we would like to thank the examiners for making this oversight process as painless as possible.

Sincerely,

Ann Wheelock
Chief Executive Officer
Columbia United Providers

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